PRINCE EDWARD ISLAND FEDERATION OF AGRICULTURE

Agricultural Climate Solutions

On-Farm Climate Action Fund 2026-2027

PROGRAM GUIDELINES
Updated

June 26, 2026

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Program Description

The Agricultural Climate Solutions On-Farm Climate Action Fund (OFCAF) is designed to encourage and provide assistance to the Prince Edward Island agriculture industry to implement beneficial management practices (BMPs) that mitigate agricultural contributions to climate change. The Program will provide solutions for mitigation by supporting both practices that reduce the amount of greenhouse gases released during or from an agricultural activity or that promote carbon sequestration in soils.

The Program provides financial assistance for the adoption of BMPs through project-based payments or per-acre payments in the following activity areas:

1. Expanding the adoption of cover cropping
2. Improving nitrogen management practices
3. Improving grazing management (adopting rotational grazing)

Funding for this program has been provided by Agriculture and Agri-Food Canada through the Agricultural Climate Solutions – On-Farm Climate Action Fund.

Eligible Applicants

- Mi'kmaq First Nations and other indigenous organisations
- Agricultural producers or groups of agricultural producers
- Community pastures

Program Requirements

- A complete application is required to be considered for funding, which includes the application form and any project details required for the BMP.
- A maximum of **$100,000** in funding for each OFCAF applicant for all OFCAF projects.
- Activities can only be completed once per field.
- Eligible equipment, testing, and agronomic service costs must be accompanied by an eligible OFCAF BMP activity.
- All projects must be approved and signed by a Professional Agrologist, Certified Crop Advisor, or Certified Grazing Mentor to be considered for funding.
- Project funds must be spent between April 1, 2026 and March 31, 2027

How to Apply

All application forms and program details can be found on our website at ofcafpei.ca.

To submit your application, e-mail a signed PDF copy of your completed application to ofcaf@peifa.ca.

Completed applications may also be mailed to the PEI Federation of Agriculture.

Please refer to each BMP's details for application deadlines.

Approval Process

- Approvals will be made by a selection committee consisting of representatives from Prince Edward Island agriculture commodity groups.
- The committee will consider applications, and its decisions will be final.

After you Apply

- Successful applicants will receive an Ultimate Recipient Agreement for signature.
- Ultimate Recipient Agreements must be returned within 30 days of receipt.
- Recipients must complete a final reporting document available on our website.
- Detailed invoices and proof of payment must be included with the project's final report.
- All fields approved for projects are subject to site visitations and project audits.

Relatedness

To enforce program limits, PEIFA may consider multiple applicants to be “Related Participants” when there is deemed to be common control, shared financial risk, or operational integration.

Related Participants may include, but are not limited to:

- Individuals who are spouses, common-law partners, or immediate family members operating separate agricultural operations;
- Corporations, partnerships, or other entities that share common ownership, shareholders, or beneficiaries;
- Entities that are under common control or management, directly or indirectly;
- Operations that share land base, production, inventory, equipment, or labour in a manner that indicates operational integration;
- Entities established to access additional program funding beyond established limits.

Where applicants are determined to be Related Participants, the PEIFA may:

- Treat the Related Participants as a single applicant for the purpose of funding limits;
- Apply a combined maximum funding cap across the Related Participants;
- Reduce approved funding amounts to ensure program limits are not exceeded;
- Require additional documentation to determine the degree of relatedness;
- Deny or adjust applications where program limits would otherwise be exceeded.

Applicants must disclose any relationships with other applicants or entities that could be considered related under this provision. Failure to disclose such relationships may result in:

- Reduction or cancellation of approved funding;
- Recovery of funds already disbursed;
- Ineligibility for future program intakes.

The PEIFA retains sole discretion in determining whether applicants are Related Participants and how program limits will be applied in such cases.

Expanding the Adoption of Cover Cropping

Purpose

To provide per-acre payments to farmers for the adoption and on-farm implementation of cover crops, as recommended by a Professional Agrologist or Certified Crop Advisor. Cover crop establishment before winter will reduce nutrient loss events by retaining residual soil nutrients within the crop during the fall and winter. A well-established cover crop, maintained until the following spring, acts as soil cover by holding topsoil in place outside of the growing season when soil erosion caused by wind and water can be significant. Cover crops can also fix or retain nitrogen, decreasing nitrous oxide emissions, and can help build soil organic matter, sequestering carbon.

Eligible Activities & Expenses

- Cost of establishing a fall/winter cover crop with regionally and commodity-appropriate seed following an annual or perennial crop.
- No-till, minimum-till or broadcast establishment of a fall/winter cover crop following either harvest of crops or following late summer or early fall tillage of forage crops.
- Services provided by Certified Crop Advisors, or Professional Agrologists for planning and technical assessments of cover crops.
- Equipment purchases and upgrades required for planting cover crops are eligible and limited to no-till drills, air seeders, broadcast seeders, drones, or other tools directly required for planting cover crops.

Ineligible Activities & Expenses

- Planting crops that will be harvested or grazed, leaving less than 6 inches (15cm) of cover crop growth over winter.
- Planting crops that will be harvested in the next growing season intended for market.
- Winter cereals will be considered an eligible cover crop with an attestation that the crop will not be harvested.
- Volunteer cover of seed ground loss from the preceding harvest (peas, cereals, etc.) or regrowth of existing crops.
- Underseeding cereals with perennial forages, as this is standard practice on PEI.
- Costs related to the rejuvenation of existing forages, pastures or hay land.
- Costs for establishing cover crops that are already current standard practice for the farm, as all projects must support new activities and/or management strategies.
- Cost of mechanical or chemical termination of the cover crop.
- Fertilizer and crop protection costs.

Funding

- $75 per acre for the cost of cover crop planting.
- 85% of the cost related to services provided by Certified Crop Advisors or Professional Agrologists, up to a maximum of $5,000.
- 50% of equipment purchase costs, up to a maximum of $30,000 for the duration of the program.
- Maximum OFCAF contribution of $37,500 for 500 acres per year.
- Maximum OFCAF contribution of $100,000 over the length of the program.

Project Requirements

- Details of the cover cropping plan must be included in the application and supported by a Professional Agrologist (P. Ag) or Certified Crop Advisor (CCA), demonstrating the grower's cover cropping standard practice and change of practice, along with the benefits and rationale for the change of practice.
- Cover crops require a minimum of 6 inches of cover to receive funding.
- Provide all the essential documents (pictures, invoices, and payment receipts) as proof.
- All fields approved for projects through this BMP are subject to site visitations or satellite imaging, which may occur in the summer, late fall and/or early spring to ensure that a commercial crop was grown and that a winter cover crop was established and maintained until the following spring.
- All Property IDs and total acreage (max. 500 acres) to be used for winter cover cropping must be included on the program application before approval.

Successful Applicant Requirements

- Agree to establish a cover crop following the growing season of a preceding crop.
- Agree to establish the cover crop according to the crop parameters and timelines outlined in the cover crop plan submitted with the application.
- Agree not to till or plow the cover crop following its establishment before the spring tillage.
- Agree that field acreage will be determined based on GIS measurement.

Deadlines

- Cover crop application submission deadline is October 31st, 2026.
- Final reporting form must be completed and submitted before December 31st, 2026.

Improving Nitrogen Management

Purpose

To provide funding for the adoption and implementation of nitrogen management strategies to reduce excess nitrogen, as recommended by a Professional Agrologist or Certified Crop Advisor. The design and implementation of projects under this BMP should ensure that crop requirements are achieved through responsible management practices that can meet target yields and quality, while improving environmental sustainability and agronomy on-farm.

Eligible Activities & Expenses

- Planning, technical assessments, or engineered designs, including the development of a Nutrient Management Plan, by a qualified Nutrient Management Planner; and other engineering or technical design work by a qualified professional.
- Soil testing, plant tissue testing, amendment testing, or soil mapping (e.g. grid sampling, SWAT mapping, Soil Optix, electrical conductivity mapping), including contracted services to collect samples and analytical laboratory fees.
- Use of enhanced efficiency fertilizers, including dual inhibitors (nitrification and urease inhibitors) and polymer-coated urea.
- Split application of fertilizer at a reduced rate as a result of increased crop use efficiency, where all applications are within the growing season.
- Increasing legumes in rotations to add an N credit for the subsequent crop.
- Increasing the use of fertilizer substitutes such as manure, compost, and digestates.
- Improving liquid manure management to reduce volatilization, including manure injection and dribble bar equipment.
- Equipment purchases to transition to banding, side dressing, or injection of fertilizer.

Funding

- 75% of eligible project costs, with the exception of the following:
- 85% of planning, assessment, design work, and agronomic consultancy fees.
- 85% of the price difference between regular nitrogen fertilizer and enhanced efficiency nitrogen fertilizers.
- $75/ac flat rate to increase perennial forage legumes in rotation.
- $15/ac flat rate for split application.
- $100/ac flat rate for liquid manure injection and $50/ac flat rate for using dribble bars.
- Soil testing and mapping costs up to a maximum of $25,000 per applicant.
- Maximum cap for agronomist services is $5,000.
- 50% of equipment purchase costs, up to a maximum of $30,000 for the duration of the program.
- Maximum OFCAF contribution of $100,000 over the length of the program.

Ineligible Expenses

- Costs of transitioning to manure application are not eligible, except when improving the placement of liquid manure.
- Costs related to the management of nutrients other than nitrogen are not eligible.

Project Requirements

- All activities must be supported by an Certified Crop Advisor or Professional Agrologist, demonstrating the grower's nitrogen management standard practice and change of practice, along with the benefits and rationale for the change of practice.
- If the applicant farm does not have a current nutrient management plan, the OFCAF nitrogen management worksheet found at the end of the nitrogen management application form must be included in the project application. The nitrogen management worksheet must be completed before approval of the project and is only required to be completed for fields included in the project.
- Polymer-coated ureas and dual inhibitors (nitrification and urease inhibitors) should not be applied on the same acres - both activities must be carried out on separate acres.
- Equipment purchases and soil testing and mapping activities must be accompanied by an OFCAF BMP activity (e.g. the implementation of cover crops).
- Successful applicants may be asked to provide yield results to improve understanding of nitrogen management BMPs in Prince Edward Island.
- Selected relevant projects will be required to include multi-depth nitrate testing and/or GHG testing on split-field trials to increase understanding of nitrogen management BMPs in PEI.
- All Property IDs and total acreage to be used for nitrogen management must be included on the program application prior to approval.

Deadlines

- Nitrogen Management application submission deadline is November 31st, 2026.
- Final reporting document must be submitted before Jan 30th, 2027.

Improving Grazing Management

Purpose

To provide funding for the adoption and implementation of rotational grazing practices, as recommended by a Certified Grazing Mentor. Managing pastures to control the intensity of grazing animals and recovery period can mitigate greenhouse gas emissions by maintaining healthier, younger grass that is more digestible for ruminant livestock. This increases feed-use efficiency in grazing ruminant livestock and subsequently reduces CH4 emissions from enteric fermentation processes. It also improves the ability to sequester CO2 emissions from the atmosphere, reduces compaction and overgrazing, and improves soil health.

Eligible Activities & Expenses

- Rotational grazing infrastructure (e.g. cross fencing, virtual fencing, wildlife-friendly fencing, temporary fencing, and waterers, including remote watering systems when powered by renewable energy) as part of an approved advanced grazing plan.
- Pasture overseeding/no-till seeding to improve pasture composition (increased content of alfalfa, clovers, forages adapted to rotational grazing
- Development and implementation of an advanced grazing management plan.
- Planning, technical assessments or engineered designs (e.g. rotational grazing plan, engineering or technical design work by a qualified professional).

Ineligible Expenses

- Perimeter fences if construction is not aligned with the grazing plan.
- Removing or replacing old or existing fences.
- Perimeter cleanup (hedgrow cleanup, tree removal, etc.).
- Non-renewable power sources, such as generators.
- Used fencing materials.
- Texas gates.
- Portable livestock corral panels.
- On-going maintenance.
- Barbed wire fence.
- Fertilizer.
- Lime.
- Wells.

Funding

- 75% of eligible project costs with the exception of:
- $25/acre flat rate for pasture reseeding with ATV or $75/acre flat rate for pasture reseeding with drill.
- 85% of planning, assessment, design work, consultancy fees, and other agronomic support/technical training costs (e.g grazing management plan).
- Maximum cap for agronomist services of $5,000.
- Community pasture organizations are eligible to apply for this BMP.
- Maximum OFCAF contribution of $100,000 over the length of the program.

Project Requirements

- A brief project summary that includes details regarding the pasture plan, improvement activities, livestock density, and rest period will be required with the application.
- Labour expenses should not exceed the 20% of the total project cost and detailed labour activities and per hours invoices should be attached.
- Rental expenses should not exceed 10% of the total project cost.
- All property IDs that will be utilized for rotational grazing must be included in the application.
- Manufacturer List Price (MFLP) should be submitted along with the quotes.
- Detailed invoices and proofs of payment must be included with all projects.
- All approved projects through this BMP are subject to site visitations to ensure that the rotational grazing practice is being implemented, for which this program provided financial assistance.
- Project funds must be spent between April 1, 2026- March 31, 2027.

Deadlines

- Advanced Grazing Management application submission deadline is October 31st, 2026.
- Final reporting document must be submitted by Nov, 30th, 2026.